COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS & ENERGY

ENERGY FACILITIES SITING BOARD

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| INVESTIGATION BY THE | ) |
| DEPARTMENT OF | ) |
| TELECOMMUNICATIONS AND | ) |
| ENERGY COMMENCING A | ) |
| NOTICE OF INQUIRY AND | ) |
| RULEMAKING INTO (1) | ) D.T.E. 98-84/E.F.S.B. 98-5 |
| RESCINDING 220 CMR 10 et seq. | ) |
| AND (2) EXEMPTING | ) |
| ELECTRIC COMPANIES FROM | ) |
| ANY OR ALL OF THE | ) |
| PROVISIONS OF GL c. 69I | ) |

**COMMENTS OF BOSTON EDISON COMPANY**

## I. INTRODUCTION

On August 10, 1998, the Department of Telecommunications & Energy ("Department" or "DTE") issued a Notice of Inquiry and Rulemaking requesting public comments on whether to (1) rescind 220 CMR 10.00 et seq., and (2) exempt electric companies from any or all of the provisions of G. L. c. 164 Section 69I. On August 13, 1998, the Energy Facilities Siting Board ("Siting Board") issued a Notice of Inquiry requesting public comment on the Department's proposal to exempt electric companies from all of the provisions of G. L. c. 164 Section 69I. In accordance with the schedule set forth by the Department, Boston Edison Company ("Boston Edison" or "the Company") hereby submits for the Department's and the Siting Board's consideration the following comments.

## II. GENERAL COMMENTS

The Company concurs with the proposed rescission of 220 CMR 10.00 et seq., and exemption of electric companies from the provisions of G. L. c. 164 Section 69I. Boston Edison Company applauds the Department's efforts to streamline regulatory processes in recognition of the changes brought about by the Electric Industry Restructuring Act, Chapter 164 of the Acts of 1997 (the "Restructuring Act") including changes in the role of electric utilities with respect to forecasting and supply planning.

We agree with the Department that a biennial IRP filing is no longer necessary to gauge the prudency of generation resource development proposals that would ultimately be rolled into the rates of distribution company customers. A major focus of IRP filings has been to present the distribution company's load forecast, which justified the distribution company's resource plan including generation resource development. Pursuant to the Restructuring Act distribution companies are no longer in the position of planning for all customer needs for power. Accordingly, there is no need for them to seek regulatory approval to construct generation resources. Instead, a competitive generation market will allow customers choice among providers and the providers will operate subject to business risk in the marketplace. The mechanisms have changed and the risk of these investments is now borne by the developers of generation projects rather than distribution company customers.

## III. COMMENTS ON SPECIFIC QUESTIONS

*1. Will information generally available from ISO/New England be sufficient to allow the Department to report to the General Court, pursuant to G. L. c. 164, Sec. 69I, on "the reliability and diversity of electric power"? If not, what other information will the*

*Department need to collect, and how should it be collected?*

The Company believes that information generally available from ISO/New England (the "ISO") will be sufficient to allow the Department to report to the General Court on the reliability and diversity of electric power. Information regarding the diversity of supply is available in the Capacity, Energy, Loads and Transmission Report (the "CELT Report") prepared annually by the ISO. The CELT Report contains a listing of each existing and proposed generating resource in New England, including the type of fuel consumed, the location of the plant, its capacity and where appropriate, whether it uses a renewable resource.

Reliability of electric service is a combination of reliability of the supply, the transmission system and of distribution to the consumer. The CELT report also contains information which facilitates evaluation of the reliability of the supply. It contains a regional load forecast which is matched against the resource forecast. Accordingly, the CELT Report can support an assessment of supply reliability and diversity in lieu of reports from individual electric companies.

The ISO can also be instrumental in responding to the assessment of reliability at the transmission level. In addition to the ISO's authority under the Restated NEPOOL Agreement to conduct independent assessments of the transmission system and long range plans, market forces at the national level will require further system reliability evaluations by transmission providers and the ISO. Assurance of grid reliability has been a major element in the emerging nationwide marketplace. The industry has taken the lead with the formation of the North American Electric Reliability Organization ("NAERO"), the successor to the New England Reliability Council, to strengthen the coordination of reliability evaluations and compliance with operating and planning

standards. The Northeast Power Coordinating Council, which will continue under NAERO, already conducts triennial reviews of each POOL/control area and the emerging national process will likely have even more rigor. The availability of reports associated with these reviews will provide reliability assessment information to the Department.

Lastly, each year the ISO reports on the projected seasonal peak conditions and the ability to reliably serve the load. The ISO and transmission providers produce annual reports to the Federal Energy Regulatory Commission on Form 715 which describes the transmission system and advanced notification of developing constraints. The Form 715 report consists of both a narrative section as well as CDs of computer simulations of base case models of the transmission system operation in the current year and projected future peak seasons for several future years. Provision of Form 715 to the Department and the Siting Board will provide further information on reliability and diversity.

While the Company believes that the information disused above is likely be adequate, we note that the Department can also rely on information obtained from the Department of Energy Resources. In addition, if the Department requires additional information, they could request such information directly from the ISO.

*2. What changes need to be made to Administrative Bulletin 78-2 in order to: (1) focus it on developing transmission needs, rather than supply needs; and (2) ensure that the Department is aware of emerging inter-utility and inter-state transmission needs.*

We believe this question is focused on Section 1 of the Administrative Bulletin which appears aimed at gathering information regarding emerging supply problems. In that this section is designed to provide advance notice of developing issues it matches the focus of FERC Form 715. Therefore, each electric company should be afforded the

option of responding to these needs by providing a copy of their FERC Form 715 filing. The EFSB could also take notice of the ISO FERC Form 715 filing as a source of information, particularly with regard to interstate or inter-regional constraints. Accordingly, this portion of the Bulletin could be deleted.

The first item in Section 1 requests a description of the methodology employed by the company in identifying each long-range service problem. This requirement can be deleted because there is a generic process employed by electric companies in assessing the adequacy of the system in conformance with NEPOOL, NPCC and NERC criteria which is outlined or referenced in the Form 715 filing.

The second item in Section 1 requests a discussion of the general circumstances which identify each long-range service problem, including the nature of expected load growth in each service area and the types of system failures considered. The general circumstances of each long-range service problem is discussed in the Form 715 filing. Although load growth is not specifically discussed there, but rather is included in the model, the nature of the expected load growth should not require review in this advanced examination of the issues. The FERC Form 715 includes six load flow base cases on disc or CDs. Each depicts a different season or year with one case going out as far as ten years. Thus this filing provides the model details such that any party can recreate the analysis or perform alternative analyses to evaluate the extent of the need and the value of the proposed solution or alternatives with this tool as a starting point. The types of system failures considered are again covered under criteria for system testing in the FERC Form 715.

The third item in Section 1 requests a discussion of the nature of the responses to each service problem which the company would consider in its evaluation of the problem

and an outline of the planning process and assumptions used to arrive at those responses and the range of alternatives considered. The planning process is also described in FERC Form 715, although the details of the alternatives are not included. Recognizing the interest of the Siting Board in an early indication of potential solutions to the service problems identified, especially as they may relate to siting new facilities, the Siting Board could require submission of the FERC Form 715, supplemented by a discussion of potential responses.

The fourth item in Section 1 requests the identification of those areas of potential environmental concern or public interest which may be associated with the response to item 3. This information could be included in the supplement to FERC Form 715 suggested above.

*3 Under what circumstances should forecast information be supplied as part of a proposal to construct a transmission facility pursuant to G. L. c. 164 Sec. 69J? Is a forecast necessary only when the need for a proposed facility depends primarily on projected load growth?*

A forecast is necessary only when the need for a proposed facility depends primarily on projected system or local load growth. The three primary justifications for specific transmission proposals are the following:

integration of new generating resources

system reliability

load growth

Based upon the huge influx of proposals already received by the ISO, it is expected that at least for the next decade the preponderance of transmission facility

additions will be necessitated by the need to integrate new generating resources to the transmission grid. The result of these reinforcements is that it is likely that very few lines will be needed for system reliability or load growth. This is particularly true for main lines on the grid.

In cases where lines or upgrades are proposed due to the need to interconnect or reinforce to support new generation, these transmission facilities should be evaluated on the same docket with the generation. Transmission facilities necessitated by changing conditions that impact reliability should be evaluated based upon the ISO and transmission provider reliability assessments developed in accordance with NAERO standards. Thus, it is only when transmission facilities needed primarily due to load growth that a forecast should be part of the information supplied.

*4. What should be the geographical extent of any forecast filed as part of a transmission facility proposal?*

The geographical extent of any forecast filed as part of a transmission facility proposal depends on the area influencing, or influenced by, the transmission. For example, radial lines to support a new substation would be based on the same forecast that justified the substation (unless the substation was built for reliability, in which case the lines would be supporting that initiative rather than load growth and no forecast should be required). Other facilities may be due to a load pocket which may be served by all or part of one or more utilities. In such cases a forecast which is coordinated to cover that geographic area would be more appropriate than a system-wide load forecast. Clearly, a company proposing the construction of transmission facilities would need to provide a forecast for the geographical area for the Siting Board review as part of the

transmission line docket. This would seem to be an appropriate alternative to having a system-wide load forecast generated and reviewed in a biennial filing to the Department. For large areas of load growth the ISO ought to play a role in coordinating the forecast as well as the contemplated transmission reinforcements. Indeed, the ISO has the authority to independently study the reliability of the region and may offer solutions for the local transmission provider to consider.

*5. What information should be filed in such a forecast? To what level of detail would the Siting Board need to review the forecast in order to ensure that it is accurate enough to serve as proof of the need for the proposed facility?*

5. As discussed above, any forecast filed as part of a transmission facility proposal should include the relevant load forecast along with notification of any other coordinated plans or actions.

## IV. CONCLUSION

We appreciate the opportunity to offer these comments and if desired by the Department or the Siting Board, we will make a witness available to participate in the joint public hearing on September 14.

Respectfully Submitted,

BOSTON EDISON COMPANY
by its attorney

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